

PREFACE / CLASS OUTLINE
ACQUISITION REFORM TRAINING MODULES

TOPIC: Using Simplified Acquisition Exercise

LENGTH/TYPE: 2.5 hours - Small Group Exercise

SCOPE: During this period, participants work in groups assuming the role of contracting officer/contract specialist. Given an in-box of requirements, individuals will select the appropriate contract method for meeting each requirement and be prepared to explain the supporting rationale. Next, participants will work a case study to determine eligibility for small business set-asides. Solutions will be briefed by work groups in plenary session.

OBJECTIVES: At the completion of this block of instruction, the participant will be able to:

1. Describe the new simplified acquisition procedures.
2. Identify the simplified acquisition changes affecting small businesses.
3. Given sample requirements, be able to identify correct contracting methods that satisfy those requirements.
4. Given a case study, be able to determine eligibility for small business set-asides.

MATERIALS:

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Using Simplified Acquisition In-box Exercise

Background

You are a contracting officer in the Contracting Directorate at a Defense Installation. Your office does not have FACNET capabilities. You sit down at your desk and have an in-box with 20 new requirements. You put a control sheet on each one and make simplified acquisition method recommendations before passing them to your specialists. You are aware that there are still many methods of purchase that may be used under the simplified acquisition procedures. Below is a summary of each requirement. **In the space beside each requirement place a check mark (✓) to select an appropriate method as follows: Purchase Card (P), Contract (C), Imprest Fund (I), Purchase Order (O), Establish Blanket Purchase Agreement(s) (B), Standard Form 44 (S), Unpriced Order (U) or Contingency SAT (X). Be able to explain your choices. Transfer your choices to the Briefing Template at page 9.**

#	Requirement	P	C	I	O	B	S	U	X
1	The Installation Transportation Motor Pool requests 1,000 gallons of gasohol. It is conducting, an environmental protection experiment using gasohol in part of its local transportation fleet. The experiment includes permission from Defense Fuel Supply Center to make local fuel purchase. It has limited storage capacity for gasohol and will have a weekly recurring requirement for approximately 1,000 gallons. The preferred source is the local, AMOCO bulk distributor. Estimated cost is \$1.37 per gallon.								
2	The Installation Engineer requests the construction of 15 bus stop shelters, drawings attached, located at different intersections around the installation. The estimated cost for each shelter is \$4,000.								

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In-box Exercise**

#	Requirement	P	C	I	O	B	S	U	X
3	The shop supervisor from the Office of the Director of Industrial Operations hand carries a request for the purchase of a diamond-dressing tool. Attached is a catalog page showing the published price of \$175.00. He reports that the priority is urgent since the tool is needed to return a piece of medical equipment to service. The only source in town is Industrial Tool and Die, Inc. He says Industrial Tool and Die does not accept the government purchase card but he needs the item within the hour.								
4	<p>The Installation Transportation Motor Pool is closing the #4 Maintenance bay for six months during renovation. As a result, some repair and maintenance requirements must be performed by local auto maintenance facilities near the installation. At least seven facilities can perform the required services in a timely manner. The service, estimated cost and monthly frequency are shown below although estimates may vary considerably:</p> <p>Large tire rotation service, \$60, 7 per month Small tire rotation service, \$40, 10 per month Large tire repair, \$20, 10 per month Small tire repair, \$17, 20 per month Large tire balancing, \$10, 38 per month Small tire balancing, \$5, 60 per month</p>								

**Using Simplified Acquisition
In-box Exercise**

#	Requirement	P	C	I	O	B	S	U	X
5	The Office of Training and Security requests the purchase of 80,000 cases (6x1 liter bottles per case) of bottled water to support the 83d Airborne Division deployment to Lebanda. This requirement is urgent and supports the presidentially-designated contingency OPERATION RESTORE CONFIDENCE. The recommended source is Agua Italia, located in Rome, Italy, whose distributor Lebanda Consolidated is the only known source of bottled water in Lebanda. Delivery is required three days from now in the capital of Lebanda, Dalonia. The estimated cost is \$2.20/case including delivery.								
6	The Office of Training and Security requests purchase of Somali language lessons (familiarization) for 1,800 officers and non-commissioned officers, 83d Airborne Division, to support a six month deployment. This requirement is urgent and supports the presidentially-designated contingency OPERATION RESTORE CONFIDENCE. The training will begin at the end of this week and must be completed within 60 days. Proposed source and location of training are Fayetteburg Community College in North Carolina. Estimated cost of services is \$100/individual X 1,800 personnel = \$180,000.								
7	The Office of the Director of Industrial Operations requests the purchase of four ground fault circuit interrupters at \$37.50 each. The recommended source is Home Depot. Priority is routine.								

**Using Simplified Acquisition
In-box Exercise**

#	Requirement	P	C	I	O	B	S	U	X
8	The Office of Training and Security has a requirement for off-post lodging of students from foreign countries. It is estimated that these requirements will take place 2-3 times each month and will call for rooms costing \$135.00 for 2-3 nights with a minimum of 50 students each time. The exact timing or amount of the requirement will be known only 48 hours in advance. There are four hotels that meet the minimum requirements for lodging: the Oak Hill Lodge, the North Village Hotel, the Country Club Inn, and the Valley Ridge Lodge. It is desirable to keep the group together.								
9	The Office of the Director of Industrial Operations has a top priority requirement to respond to a boiler explosion in the heating plant causing a loss of service to over 30 percent of installation housing. Repair parts and service are estimated to be somewhere between \$30,000 to \$35,000 depending on the full extent of damage which can only be discovered during repair. Work must start immediately.								
10	The Office of the Director of Information Management requests the purchase of 10 28.8Kbps Modems at an estimated cost of \$159.99 each. Priority is routine. Recommended source is COMPUSA.								

**Using Simplified Acquisition
In-box Exercise**

#	Requirement	P	C	I	O	B	S	U	X
11	The Director of Training and Security is sponsoring an off-site planning conference and requires a large meeting room with a capacity of 120 attendees at tables and four "breakout rooms", each with a capacity of 40 attendees at tables. Each room must have an overhead projector and screen. The large room must have a public address system and lectern. The estimated cost is \$650 per day for two days. The recommended source is the local Hilton Hotel.								
12	The Director of Information Services needs 20 boxes (100 count) of document protectors for transparencies. Each box is estimated to cost \$9. The recommended source is Downtown Office Supply.								
13	The local Army Reserve Training Unit needs 200-240 hot lunches, at \$5 per lunch, on one Saturday and one Sunday each month. Recommended sources include Smith Cafeteria and the Mountaintop Grill.								
14	The local Air Force Reserve Unit has a requirement for pilots to purchase supplies when away from base. It is possible that purchase cards will not be honored in some locations.								
15	The Installation Engineer has a routine requirement to expand the parking lot for the installation recreation field. The estimate which includes preparation, asphaltting work, and striping is \$45,000. Three responsive and responsible offers are received, however, the lowest is \$56,000.								

**Using Simplified Acquisition
In-box Exercise**

#	Requirement	P	C	I	O	B	S	U	X
16	The Office of the Director of Industrial Operations has a one-time request for the purchase of 20 pairs of safety boots in various sizes at \$100 per pair. The boots are normally provided through routine supply channels but are on a six month back order. This is causing a safety hazard for new workers and old workers in need of replacement boots. These boots can be locally procured at Hazelett's Industrial Supply Center.								
17	Due to an accidental spillage of industrial solvent, the Installation Transportation Motor Pool has a requirement to remove contaminated soil and replace it with uncontaminated soil. An environmental restoration contractor conducted a survey of the contamination and determined the amount of soil involved to be 45 cubic yards and estimated the cost to be \$45,000. The requirement includes testing and documentation to comply with state and federal environmental regulations.								
18	The Director of Training and Security is sponsoring an off-site planning conference and needs a well-known speaker, who is an expert in the conference subject matter, to make a presentation. The speaker's fee is \$1,500. He does not take a purchase card.								
19	The Installation Engineer has a routine requirement for the removal of 61 trees to develop a picnic area. The government estimate is \$1,000 per tree including removal of all wood and stumps. Three responsive and responsible offers are received and the lowest is \$49,000.								

**Using Simplified Acquisition
In-box Exercise**

#	Requirement	P	C	I	O	B	S	U	X
20	The Office of the Director of Industrial Operations has a requirement for materials and supplies for a sign project. It is estimated that \$2,000 in lumber is required from one source, \$500 in hardware from another, and \$500 in paint from a third source.								

**Using Simplified Acquisition
In-box Exercise**

Briefing Template

Requirement	P	C	I	O	B	S	U	X
GASOHOL								
BUS STOP SHELTERS								
DIAMOND DRESSING TOOL								
REPAIR AND MAINTENANCE								
BOTTLED WATER								
LANGUAGE LESSONS								
CIRCUIT INTERRUPTERS								
OFF-POST LODGING								
BOILER EXPLOSION								
MODEMS								
MEETING ROOMS								
DOCUMENT PROTECTORS								
HOT LUNCHES								
SUPPLIES								
EXPAND THE PARKING LOT								
SAFETY BOOTS								
REMOVE CONTAMINATED SOIL								
SPEAKER								
TREE REMOVAL								
SIGN PROJECT								

Using Simplified Acquisition Case Study

Scenario:

You are a contracting officer in the Contracting Directorate at a Defense Installation. Your office does not have FACNET capabilities. You sit down at your desk to review eight new requirements. As you consider your known suppliers, you know you must apply the new nonmanufacturer rule to those purchases under SAT that could be eligible for the small business set-aside. You are also mindful that the rule of two applies. The requirements are stated below:

Description	Amount
Legal Pads, 50 Sheet	\$37,500
Hydrochloric Acid	\$26,000
Formaldehyde	\$35,000
Alkaline Batteries	\$40,000
High Nickel Alloy Rods	\$30,000
Steel Rods	\$26,000
Copy Paper	\$45,000

A review of the rules indicates:

1. All requirements over the micro-purchase threshold of \$2,500 and under the simplified acquisition threshold of \$100,000 are to be set-aside for small business. However, rules 2 and 3 must be considered before making the set-aside.
2. Contracting officers can solicit quotes from large business concerns for actions under SAT when they do not anticipate obtaining offers from two or more small businesses.
3. Small business resellers are NOT automatically eligible for a small business set-aside if they propose to supply the products of a large domestic manufacturer or producer. However, this constraint does not apply if SBA waives the non-manufacturing rule.
 - a. If SBA waives the rule, a small business supplier can furnish domestic products made by large businesses--as long as the small business reseller meets the size standard
 - b. Absent the waiver, a non-manufacturer is eligible for a small business set aside only if (1) it employs no more than 500 employees and, (2) the product was made or produced by a small business manufacturer or producer.

Requirement:

Review the requirement and the rules. Review the supplier profiles, and the waiver list provided on the following pages. Use the briefing template on page 16 to determine whether or not each requirement should be made a small business set-aside.

Supplier Profiles:

Name: Olin Wholesaler or Supplier # 1

Size Standard: Large

of Employees: 10,000

Product	Supplier	Manufacturer	Produced by SB
Legal Pads, 50 Sheet	Yes	No	Yes
Hydrochloric Acid	Yes	No	No
Formaldehyde	Yes	No	No
Alkaline Batteries	Yes	No	Yes
High Nickel Alloy Rods	Yes	No	No
Steel Rods	Yes	No	No
Copy Paper	Yes	No	No

Name: Evergreen Industrials or Supplier # 2

Size Standard: Small

of Employees: 1000

Product	Supplier	Manufacturer	Produced by SB
Legal Pads, 50 Sheet	-	-	-
Hydrochloric Acid	Yes	No	No
Formaldehyde	Yes	Yes	NA
Alkaline Batteries	Yes	No	Yes
High Nickel Alloy Rods	Yes	No	No
Steel Rods	Yes	No	No
Copy Paper	-	-	-

Name: McCutcheon Paper or Supplier # 3

Size Standard: Small

of Employees: 250

Product	Supplier	Manufacturer	Produced by SB
Legal Pads, 50 Sheet	Yes	No	Yes
Hydrochloric Acid	-	-	-
Formaldehyde	-	-	-
Alkaline Batteries	-	-	-
High Nickel Alloy Rods	-	-	-
Steel Rods	-	-	-
Copy Paper	Yes	No	No

Name: Heartland, Inc. or Supplier # 4

Size Standard: Small

of Employees: 600

Product	Supplier	Manufacturer	Produced by SB
Legal Pads, 50 Sheet	Yes	Yes	NA
Hydrochloric Acid	-	-	-
Formaldehyde	-	-	-
Alkaline Batteries	-	-	-
High Nickel Alloy Rods	-	-	-
Steel Rods	-	-	-
Copy Paper	Yes	No	No

Name: General Foundry or Supplier # 5

Size Standard: Large

of Employees: 6500

Product	Supplier	Manufacturer	Produced by SB
Legal Pads, 50 Sheet	-	-	-
Hydrochloric Acid	Yes	No	No
Formaldehyde	Yes	No	Yes
Alkaline Batteries	-	-	-
High Nickel Alloy Rods	Yes	Yes	NA
Steel Rods	Yes	Yes	NA
Copy Paper	-	-	-

Name: Beeline Industrial or Supplier # 6

Size Standard: Small

of Employees: 107

Product	Supplier	Manufacturer	Produced by SB
Legal Pads, 50 Sheet	-	-	-
Hydrochloric Acid	Yes	No	No
Formaldehyde	Yes	Yes	NA
Alkaline Batteries	Yes	Yes	NA
High Nickel Alloy Rods	-	-	-
Steel Rods	Yes	No	No
Copy Paper	-	-	-

Name: Alliance Metalworks or Supplier # 7

Size Standard: Small

of Employees if Small: 400

Product	Supplier	Manufacturer	Produced by SB
Legal Pads, 50 Sheet	-	-	-
Hydrochloric Acid	Yes	No	No
Formaldehyde	Yes	No	Yes
Alkaline Batteries	-	-	-
High Nickel Alloy Rods	Yes	No	Yes
Steel Rods	Yes	Yes	Yes
Copy Paper	-	-	-

Waivers granted by SBA:

Product/ service code	SIC code	Waiver name
2320	3537	Trucks, Four Wheel Drive
2420	3711	Tractor, Wheeled
2620	5014	Tire, Aircraft, Pneumatic
3610	3579	Copier/Duplicator, Machines
3805	3531	Construction, Loaders
3805	3531	Construction, Road Grader
3805	3531	Construction, Backhoe
3805	3533	Construction, Scrapers
3810	3531	Construction, Crane over 15 Ton
3820	3532	Construction, Drill Rigs
3825	3711	Sweepers, Street
3930	3589	Sweepers, Warehouse
4710	3312	Pipe & Tubing, High Nickel Alloy
5805	3661	Communications, Digital EPBX Equipment

5836	3651	Video Cassette Recorder
6135	3699	Batteries, Nuclear
6770	3861	Film, Photographic
6810	2869	Ethyl Acetate
6810	2812	Soda Ash
6810	2869	Trichlorethane, 1,1,1
6810	2869	Methylene Chloride
6810	2812	Caustic Soda
6810	2812	Sodium Hydroxide
6810	2869	NN-Dimethyl Formamide
6810	2869	Propylene Glycol
6810	2865	Benzene
6810	2911	Hydrocarbon Diluent
6810	2819	Acid, Hydrofluoric
6810	2873	Ammonium Sulfate
6810	2819	Calcium Nitrate (Uncoated)
6810	2819	Acid, Hydrochloric
6810	2819	Acid, Boric
6810	2819	Acid, Enriched Boric
6810	2819	N-Dodecane
6810	2869	Methyl Isobutyl Ketone
6810	2865	Toluene
6810	2819	Heptane HPCL
7021	3571	Computer, Mainframe & Peripherals
7025	3577	Computer, Laser Printer
7220	3996	Tile and Roll, Vinyl Surface
7220	2273	Carpet, Woven, 6-ft Vinyl Back Broadloom
7220	2273	Carpet Tile
7220	2273	Carpet, 6-ft Vinyl Back Broadloom
7530	2621	Paper, Copy
7610	2732	Thesauruses & Dictionaries
7730	3653	Television Receiver Sets
7730	3651	Disc Players, Compact
8915	2091	Tuna, Canned
8915	2033	Tomato Paste, Canned
8915	2033	Apricots, Canned
8915	2033	Spinach, Canned
8915	2033	Pineapple; Slices, Tidbits, Juice
8915	2033	Citrus Sections, Canned
8925	2062	Sugar, Granulated & Brown
9310	2062	Paper Bags (Small Hardware Type)
9510	3312	Bars & Rods, High Nickel Alloy
9515	3312	Plate, Sheet, Strip & Foil; Stainless & High Nickel

		Alloy
9520	3312	Structural Shapes, High Nickel Alloy
9525	3356	Wire, Nonelectrical, High Nickel Alloy
9530	3355	Bars & Rods, High Nickel Alloy, Aluminum, Nickel-Copper, Nickel-Copper-Aluminum, Copper, Copper-Nickel
9535	3353	Plate, Sheet & Strip; Aluminum
9535	3353	Plate, Sheet & Strip, Nickel-Copper
9545	3353	Plate, Sheet, Strip, Foil & Wire; High Nickel Alloy
9650	3331	Copper Cathodes
9650	3331	Copper & Nickel Cathodes
9650	3339	Nickel Brickettes